



Internet and Social Media Solicitations: Wise Giving Tips

Charities use a wide variety of methods to solicit charitable donations. New and powerful technologies utilize not just the internet and email, but also social media and mobile phones. Today, a volunteer can create a fundraising page and start soliciting on behalf of a charity in minutes. So, too, can a fraudster. To help charities and fundraising platforms understand their rights and obligations in this rapidly evolving fundraising environment, and to help donors make wise giving decisions, the Hawaii Attorney General offers the following tips for Charities, for Donors and about Fundraising Platforms.

CHARITIES

Charitable fundraising can be conducted online in numerous ways: a charity can conduct a fundraising campaign through its website, social media pages, emails, or it can use a third-party fundraising platform to crowdfund a specific project or campaign; a charity's supporters can fundraise through emails, social media, or by initiating a peer-to-peer fundraising campaign through a fundraising platform; or donors can search for charities pre-listed on fundraising platforms and make a donation without the involvement of the charity.

No matter how charitable dollars are raised online, charities should keep these tips in mind:

- **PROTECT YOUR BRAND!** Defend your charity's reputation, brand, and fundraising strategy.
 - Your charity has the right to control the use of its name and brand. Your charity may want to establish a policy as to who can fundraise on its behalf and the process to receive authorization.
 - In a majority of states, an individual supporter must get written consent from a charity before he or she uses its name when fundraising. If your charity gives consent, follow up with the supporter to verify that your charity received all donations.

- Research your charity's online fundraising presence. It may be more extensive than you know:
 - Third-party fundraising platform websites provide charities an opportunity to connect with donors and fundraise online, and allow individual supporters to raise funds for their favorite causes through peer-to-peer fundraising.
 - Some fundraising platforms acquire a database of all tax-exempt charities and allow supporters to initiate peer-to-peer fundraising, even without the charities' knowledge. Find out who is fundraising for your charity and what information and representations they are making on your behalf.
 - If your charity wants to receive funds from a fundraising platform that has your charity pre-listed in its database, contact the fundraising platform and claim ownership of your charity's presence on that website, so the site has the correct contact and bank account information.
 - If your charity does not want to be associated with a fundraising platform, contact them to request that they remove your charity from the website.
- When deciding to use a fundraising platform website, a charity should research the following issues:
 - What fees will the website deduct from each contribution?
 - Will a charity be provided with its donors' information?
 - How will the website use a charity's donors' information? Is a privacy policy in place?
 - When will contributions be deposited into a charity's bank account/mailed to the charity? Solicitation laws in some states require funds to be deposited in the charity's bank account within a few business days.
 - What happens to contributions that don't meet a certain threshold amount?
 - What steps are being taken by the website to prevent solicitation fraud?
 - What kind of accounting will the website provide to a charity? If questions arise, what procedures are available for the charity to challenge the accounting?
- Contact the fundraising platform and [your state charity regulator] if you suspect any solicitation fraud.

By following these tips, your charity can fundraise smartly and safely online.

DONORS

Online fundraising allows donors to give to numerous causes with the click of a button. To help make an informed decision on how to donate online, donors should be aware of the following:

Make sure you are donating to a legitimate charity:

- If you receive an email or text message asking for a donation, confirm that the request is from the charity, and not an imposter, by contacting the charity or visiting its website.
- You can also check out the following resources to learn more about specific charities:
 - The Attorney General’s Charity Registry <http://ag.ehawaii.gov/charity>.
 - IRS Select Check, BBB Wise Giving Alliance, Charity Navigator, GuideStar, and Foundation Center.
- Be cautious of “look-alike” websites. These fraudulent websites will often ask for personal financial information or may download harmful malware into your computer.
- Watch out for charities with names that sound similar to well-known organizations. Sometimes these sound-alike names are simply intended to confuse donors.
- Don’t assume that charity recommendations on Facebook, blogs, or other social media have already been vetted. Research the charity yourself.

Peer-to-Peer Fundraising:

- Individual supporters, like yourself, can raise money for charities through peer-to-peer fundraising campaigns. Supporters can set up fundraising pages on fundraising platform websites to raise money from friends and family members for their favorite cause.
- If you want to set up a peer-to-peer fundraising page, please contact the charity beforehand to get permission to use its name and to make sure the representations you make on your page are correct.
- If you want to make a donation on a peer-to-peer fundraising page, first make sure that your donation is going directly to the charity and not the individual supporter.
 - Find out what percentage of your donation will go to the charity and whether you will be charged any fees for making a donation through the fundraising platform website.
 - Find out what the website will do (if anything) with your personal information; be wary of websites that do not provide a privacy policy.

Additional tips:

- Be cautious when considering giving to newly formed charities since they won’t have a track record that you can take into consideration.
- Be extra vigilant when donating online in the wake of natural disasters or national tragedies.
 - Some charities are formed shortly thereafter and may have the best of intentions; however, an existing charity is more likely to have the sound management and experience to quickly respond to these situations, and it will have a track record which you can review.
 - Also, be aware of sham charities that pop up to take advantage of people’s generosity during these times.

- You may want to give to a specific program or purpose within a charity; for example, disaster relief. If a website has a “donate” button, see whether you can designate a specific purpose for your donation. If you can’t, contact the charity to be sure your donation will be spent for the purposes you intend.
- Some charities sell merchandise online and claim that “100% of the proceeds” will benefit the charitable purpose. But “100% of the proceeds” does not necessarily mean 100% of the sales price. Contact the charity to ask how much of each purchase it will receive. If they cannot give you an answer, consider donating another way.

If you are considering making a gift to an individual or family, instead of an established charity, please keep the following information in mind:

- Ask the fundraiser whether there is a trust or deposit account established for the individual’s or family’s benefit. Contact the banking institution to verify the existence of the account, and check locally to confirm that there really is such a need.
- Do not give cash. Contribute by check that is payable to the fund, not to an individual, and mail directly to the fund.
- Contributions earmarked for relief of a particular individual or family are not tax deductible, even if they are made to a qualified charitable organization. Ask whether the charitable contribution is tax deductible, and verify with your tax advisor or the IRS. The fact that a charity has a tax identification number does not necessarily mean your contribution is tax deductible. Ask for a receipt showing the amount of the contribution and stating that it is tax deductible.
- If you wish to establish a fund to assist victims of a tragedy, be especially careful to respect the wishes of the victim’s family and friends. The law requires that you have written permission to use the names or photographs of any person or organization in your fundraising appeals, and you may also have to register with your state charity regulator before any solicitations occur. Be specific and transparent about how the funds will help victims or their families and how quickly collected funds will be distributed. Be clear in your fundraising appeal from the beginning if there are multiple purposes for the fund, such as funding future community needs related to the tragedy. Many donors give with the expectation that all funds will be distributed quickly and solely to victims and their families.

FUNDRAISING PLATFORMS

Online fundraising, especially peer-to-peer fundraising, is a relatively new method of charitable fundraising. As a third-party fundraising platform, you are giving charities and their supporters new opportunities to connect with donors. To ensure that you are acting to the maximum benefit of the charities and donors using your website, fundraising platforms should follow these tips:

- Conduct basic due diligence to discourage potentially fraudulent uses of your platform. Verify on the IRS website that a charity is tax-exempt and that

contributions are tax deductible. Confirm the charity's registration status in the states in which it must register.

- Confirm that a person claiming to work for a charity is actually associated with that charity. Verify that any bank account information is associated with a charity, not an individual.
- Obtain each charity's written approval before collecting funds for it. At least 38 states require express/written permission from a charity before its name is used in connection with a solicitation.
- Educate the charities and their supporters who fundraise on your website.
 - Prominently disclose what type of vetting, if any, takes place before a charity can participate on your website.
 - Explain how often donations will be forwarded to a charity.
 - Clearly state if there is a minimum amount of contributions required before donations will be forwarded and what happens if that amount isn't met.
 - Be transparent about any transaction fees and the portion of a donation that actually reaches the charity.
 - Promptly remove any charity that asks to be removed from your website.
 - Provide contact information on your website specifically for charities to ask questions or to report fraud.
 - Establish and display a privacy policy for donors' information and make sure any personal or financial information you collect about donors or charities is secure.
- Develop and follow policies and procedures that can help you detect more sophisticated attempts at fraud. Review and test your policies and procedures regularly and fix flaws as they become known.

Fundraising platforms should also be aware of possible legal requirements:

- Charitable fundraising laws vary from state to state. You may be classified as an [unregulated vendor], or a moderately regulated commercial co-venturer or [professional fundraising consultant or fund-raising counsel], or a more actively regulated [commercial fundraiser or professional solicitor]. Make sure you understand your legal status and any corresponding reporting or contractual responsibilities in each state that you operate.
- If you fall under the legal definition of a [professional fundraising consultant or fund-raising counsel] or [commercial fundraiser or professional solicitor], make sure your contracts with the charities are in writing and include all of the language or disclosures required by state law.
- Be cooperative with charity regulators and law enforcement if they contact you with basic questions about how your fundraising platform works or with information about a potentially fraudulent user of the platform.